



# **PROPOSED CAPITAL AGENDA**

**FY 2005**  
*through*  
**FY 2010**

**City of Detroit**  
**Kwame M. Kilpatrick,**  
**Mayor**

**Park Beacons** — Visible for several blocks along Woodward Avenue and Monroe Street, two corner markers anchor the north end of Campus Martius Park. Fabricated from stainless steel, textured cast glass, and granite the works of art rise 22 feet. The Monroe Marker (pictured) represents arts and culture. The Woodward Marker represents industry and technology. Lighting from within each marker causes them to glow at night.





**KWAME M. KILPATRICK, MAYOR**  
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Honorable City Council:

**Re: Proposed Five-Year Capital Agenda for FY 2005-06 through 2009-10**

In accordance with the City Charter, I submit to you my recommendations for the City's five-year capital improvement plan, as contained in the Capital Agenda for Fiscal Years 2005-06 through 2009-10. This document presents a capital improvement program of over \$3 billion to be funded through various sources.

In keeping the City's commitment to annually sell only \$40 – \$50 million in general obligation bonds, the first series will primarily focus on public safety and transportation capital programs, because the Detroit Police Department must meet the terms of the United States Department of Justice's (DOJ) consent decree. Other City capital programs will be funded to the full extent in the subsequent three years. These General Obligation Bond monies will fund improvements that will allow several City agencies to meet the standards of the Americans with Disabilities Act (ADA), upgrades to the public lighting system, infrastructure improvements that will help neighborhoods grow and the continuation of improvements and upgrades to our City's parks.

I wish to acknowledge and express my appreciation to the citizens of Detroit and the City's private sector supporters. Their vital contributions will allow various City agencies to pursue and accomplish a number of capital and operating goals, which will benefit the citizens of Detroit and the metropolitan region.

I hope the proposed capital improvement plan for FY2005-06 through FY2009-10 provides an understanding of the City's planned capital activities for its various entities.

Respectfully submitted,

  
Kwame M. Kilpatrick  
Mayor



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FY2005-06 through FY2009-10  
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## INTRODUCTION

The Capital Agenda is a five-year capital improvement plan required by the City Charter. It is to include all capital projects to be financed in the next five years with "funds subject to control or appropriation by the City". The intent of the Agenda is to provide a planning vehicle for City projects. It is not intended to be, nor should it be construed to be, a five-year budget.

The Capital Agenda is part of a continuing planning process, which systematically reviews and analyzes the City's capital improvement needs. All proposed capital projects are evaluated for their conformity to the City's Master Plan and, where applicable, to other major policy concerns, such as the requirements of other governmental units, conservation of energy and accessibility by the handicapped. Certain proposed Departmental programs conform to the requirements of the Federal or State agencies or programs involved in the funding or regulation of their respective improvements: the Airport, Recreation, Transportation, and Water and Sewerage, and the Department of Public Works Street Capital Fund, each file other planning documents with which this document is consistent.

This Agenda assumes successful appeal to the voters for additional general obligation bond authorizations in future years.

This document is arranged into two parts. The **DEPARTMENTAL PROGRAM** section contains the proposed five-year capital plan (Fiscal Years 2005-06 through 2009-10) for City agencies. Each department has included in its presentation a narrative description of its capital program along with a summarized funding schedule for each project. These project summaries are listed in priority order. Also included is a section on Major Sources of Revenue, which gives a narrative description of the various funding sources for capital projects. The second part of the document outlines the capital program of **RELATED** and **COMPONENT AGENCIES** with capital improvement activity occurring within the City of Detroit. Included in this category are the economic development- quasi-public agencies, as well as, various development programs. Our goal is to continue to re-evaluate the information presented in this document in order to provide a comprehensive look at the capital improvement activity of the City of Detroit and related entities.



# **SECTION 1**

## **CITY OF DETROIT AGENCIES**





## EXECUTIVE SUMMARY

### Purpose

Capital planning has a fundamental purpose to good management: conducting thorough analysis of future needs, monitoring and evaluating projects throughout their implementation, and conducting appropriate maintenance of capital assets. Detroit's capital planning process is directed toward overall city priorities established through citywide strategic planning. The process uses a long-term outlook within agencies and on a citywide level to set core service priorities, refocus and redirect city resources toward them, and measure performance toward service outcomes. Policy and the budget – both operating and capital – are utilized in tandem.

The Capital Agenda is a requirement of the City Charter to be produced in every even numbered year. The Charter states the type of information that should be contained in the Capital Agenda and the review and approval process.

### Charter Requirement

The City Charter, as amended in 1997, requires that on or before December 1 of each even numbered year, the Mayor shall submit to City Council a proposed Capital Agenda. The City Charter then specifies the type of information that should be included in the document. The Capital Agenda should contain:

- a. All physical improvements and related studies and surveys, all property of a permanent nature, and all equipment for any improvement when first erected or acquired, to be financed during the next five years in whole or in part from funds subject to control or appropriation by the City, along with information as to the necessity for these facilities; Capital expenditures which are planned for each of the next five years;*
- b. The estimated annual cost of operating the facilities to be constructed or acquired and*
- c. Other information pertinent to the evaluation of the Capital Agenda.*

The City Charter also specifies that for each purpose, project, facility or other property that the Capital Agenda should indicate the source of funds and the amount of funds that have been expended, intend to be spent or encumbered before the next fiscal year and for each of succeeding five years. The information can be revised or extended each year for capital improvements that are pending or in process. Some departments have regular continuous capital improvement projects that will extend from one Capital Agenda to the next. This information is then revised to reflect current conditions.

### Capital Agenda Process

The Capital Agenda process begins with the issuance of a directive from the Budget Director to all departments with capital programs. The Budget Directive outlines the type of information required and the due dates. It begins with a statement that the preparation of the Capital Agenda is Charter requirement and must include all capital projects, which are “to be financed... in whole or in part from funds subject to control or appropriation by the City”. This all-encompassing statement requires then that all General City, Enterprise Agencies and

## **EXECUTIVE SUMMARY**

### **Capital Agenda Process (Continued)**

other “quasi- public/private” entities (i.e., Economic Growth Corporation) with capital programs submit information for the Capital Agenda. This information should be submitted regardless if, they are using general obligation bond funding or receive grants- (state or federal) or private funds only.

The Capital Agenda is comprised of a narrative description of the department’s capital plan and a spreadsheet summary of the plan. The narrative section of the Agenda provides background information on the agency and briefly outlines the proposed future capital needs of the agency. A description of the agency’s mission and current facilities, goals and rationale of the capital program helps the reader of the document to evaluate the capital needs of the department. The Interdepartmental Capital Relationship section was added to address projects and activities that cross agency lines. A discussion of those projects that are administered in conjunction with other agencies or those that require action or funding from other agencies helps both internal and external users of the document. A discussion of the department’s recently completed projects and their proposed capital plan provides a look back over the last five-years, as well as, a look forward to the next five- years of capital activity. As part of the narratives, we include a description for each project included in the proposed five-year plan. The description should include the physical attributes of the project, service improvements expected and any changes to operating costs or revenues, the population or geographic area to be served, and the relationship of the project to existing facilities. Any information that justifies the need for the project should be included in the narrative description of the project. American with Disabilities Act (ADA) requirements should be addressed in each agencies capital plan. We also ask that projects located within the empowerment zone be designated as such. In general, revisions to an agency’s capital plan should reflect new projects and/or new priorities, revised project costs and updated project descriptions.

The spreadsheet summary of the agency’s capital plan provides the anticipated funding requirements for each project for the current fiscal year and the next five-years. Projects should be listed in priority order (from the highest priority to the lowest). Each project should be evaluated and should indicate the following:

1. project status: new development or maintaining current infrastructure
2. project timeline: project is proposed or on-going or underway-1 time only
3. impact on budget: increase or decrease in operating funding required or no impact
4. impact on staffing: increase or decrease in staffing levels required or no impact
5. operating impact (in dollars): determine the annual operating cost or savings associated with the completion a project.

Each funding source for a project should be identified, if available. Projects with questionable funding are shown as unprogrammed. The current year’s budget as approved by City Council is shown. Also, listed is the amount of authorized/unissued general obligation bonds. This provides the authority, upon City Council’s approval, to sell bonds for an approved project.

In an effort to create a more comprehensive user-friendly document, we encourage all agencies to submit graphics, maps and any other information that would help convey to the reader the nature of the agency’s capital plan.

## **EXECUTIVE SUMMARY**

### **Capital Agenda Process (Continued)**

To facilitate the preparation of the Capital Agenda, training is provided to each participating department. This can be done either on a group or individual basis.

Hearings with the Budget Director are scheduled for each participating agency to allow the agency the opportunity to discuss their capital program, to emphasize key activities and needs and to discuss any issues, concerns or other pertinent matters.

After the Capital hearings, the Budget Department, in conjunction with the Planning and Development Department performs a review of the capital plans. Upon completion of the review, the Budget Department will submit recommendations to the Mayor, who in turn will submit his five-year Capital Agenda to the City Council, on or before December 1 (in accordance with City Charter).

### **Capital Planning and Implementation**

The City of Detroit's capital improvement planning process occurs in two stages. The Capital Agenda is a long-term planning document that provides a great deal of information regarding past projects, future plans and financing alternatives for the current budget year and the next five years. This document describes the projects under construction and those being planned or proposed by each department or agency, including possible funding sources. The Capital Agenda is a planning document and thus it not a legally binding commitment for/or to any particular project. As a result, as you review the document, you may see that certain projects do not have an identifiable funding source.

The annual budget is the controlling document for capital projects. It is the legal commitment of the City and, as such all funding sources for projects contained in the annual budget must be identified. The allocation of capital resources faces some of the same constraints that exist for allocating operating funds. In some instances, the operating and capital needs of a department are competing for the same dollars (usually General Funds), and in other cases, departments may be competing with each other for a "limited pot" of debt financed capital.

The capital portion of the City's budget is different from the operating portion, in that funds for capital projects are balanced forward to a subsequent fiscal year, if not completed. This is normally the case with grant or debt financed projects.

The City has used four basic resources for funding capital projects: bonds, cash capital (cash from operations), grants-federal/state/private, and dedicated taxes.

There are three types of bonds used to finance capital projects: general obligation bonds-unlimited tax; general obligation bonds-limited tax; and revenue-supported bonds.

#### **General Obligation Bonds**

The voters of the City of Detroit, as required by the State Constitution, must authorize unlimited-general obligation bonds. These bonds are repaid from a specific property tax levy. It has been City policy to go to a vote-of-the people every three years. Normally, the City requests approval for a broad category of projects with sufficient authorization to cover

## EXECUTIVE SUMMARY

a 3 to 5 year period. The City received authorization for \$215 million in November 2004, for capital projects in the following categories:

Neighborhood Redevelopment and Economic Development Programs	\$ 19,000,000
Public Safety Improvements	\$120,000,000
Public Lighting Service	\$ 22,000,000
Recreation, Zoo and Cultural Facilities	\$ 22,000,000
Transportation	\$ 32,000,000

Voter authorization was received in April 2003 for \$6 million for the Charles H. Wright Museum African-American History for a new core exhibit project.

Limited tax-general obligation bonds do not require voter authorization (unless requested by a petition). These bonds are repaid from General City operating funds. Accordingly, issuing limited-tax bonds will reduce the amount of funding for future operations and are only issued in special circumstances (i.e. Deficit Funding Bonds).

Revenue bonds are bonds whose repayment is based on rates, charges, or special revenues of a particular enterprise or agency. Examples of revenue bonds are water and sewage debt, parking system debt and tax increment debt.

### Investment Earnings

The City can allocate investment earnings on general obligation bond proceeds to projects that have had prior voter authorization. The projects to be funded are decided during the budget development process. The City can also allocate investment earnings to reduce the debt service millage rate. In addition, investment earnings of certain debt retirement funds (such as Cobo Hall) may be dedicated to capital improvements. Investment earnings on enterprise fund (Water, Sewage, Parking) bond proceeds are used for ongoing capital projects.

### Cash Capital

The City may allocate unrestricted general fund revenues for capital projects. For General Fund agencies, the amount of current funds dedicated to capital is a budget allocation decision.

### Grants/dedicated Taxes

Certain City agencies receive dedicated funds from State and Federal sources. These funds normally have special reporting requirements of the recipient agencies. An example of dedicated taxes is the incremental financing authorities (i.e. TIFA-Tax Increment Financing Authority-see section on other financing entities).

## **Department Highlights**

The Proposed Capital Agenda for fiscal years 2006-2010 reflects the need of the City to bring its facilities into compliance with national laws, regulations and standards, as well as, the City's on-going quest to maintain and preserve its infrastructure. The City's main tool for financing capital projects for General City Agencies is general obligation bonds. Normally, our general obligation bond program is limited to \$40- \$50 million annually due to internal and external pressures to control our debt levels (rating agency reviews, property tax

## EXECUTIVE SUMMARY

levies, market conditions, etc). However, agency requests for these bond funds continues to range 2 to 3 times greater than our capacity to sale. Our current 5-year plan presents a general obligation bond program of \$50 million annually due to some one-time multi-year projects. The need is great, but our resources continue to be limited. So the challenge before us is how to maximize our efforts to meet the needs of the City and the concerns of its citizens with the resources that are available. We believe that we can meet these challenges through prudent planning, proactive implementation and constituent support.

This Proposed Capital Agenda for five-year period ending 2010 reflect an average annual capital program citywide of more than \$3 billion from all funding sources. The details of the program are shown in the Departmental Programs section of this book. A brief outline of each agency's capital program is highlighted below.

**36<sup>th</sup> District Court** would like to expand its courtroom offerings by modifying the building to allow for an additional floor. This will help alleviate space problems, as well as, provide additional safety features.

**Airport** plans to address its FAA requirements with the continuation of Phase II-V of the mini-take program. They also would like to address needs for terminal renovations, runway upkeep, security needs and some facility upgrades.

The **Detroit Institute of Arts** is completing the first phase of their master plan and is embracing the challenges presented in phase II of their revised plan. The master plan calls for major building renovations to the North and South wings and the construction of a new addition for exhibition and educational use. The total capital program is projected to cost \$91 million from private and public funds- \$25 million in general obligations bonds has been authorized for this project, \$4.850 million remains to be sold. The first phase of the project is expected to be completed in FY2006.

**Civic Center** capital program focuses on some deferred capital improvements, as well as updating/renovating old-worn facilities at Cobo Hall, to better serve its clientele and the visiting public and also to remain competitive in the convention market. Through refunding efforts on existing debt, Civic Center was able to address some of its outstanding issues.

The much-anticipated new core exhibit at the **Charles H. Wright Museum of African-American History** is scheduled to open in November 2004. Their five-year capital plan continues to address some lingering facility improvements dating back to the opening of the new facility, as well as, a planned new gallery.

**Environmental Affairs** presents their plan to address the environmental concerns of the City. They will work with Planning and Development, other city, state and local agencies in the areas of re-development and brownfield cleanup.

One of the **Planning and Development Department** goals is to foster economic development in the City of Detroit. They provide various types of assistance to those interested in residential and commercial development in the City. The areas of assistance include land assemblage in conjunction with the disposition of public land, affordability

## EXECUTIVE SUMMARY

subsidies and technical assistance. Major re-development projects are presented in this Agenda.

The **Department of Public Works** and the **Street Capital Program** emphasizes road repairs and improvements and facility improvements that support the mission of the department. Improvements to the street maintenance garages and new salt storage facilities are planned.

A new Fire Training facility and Fire station renovations and replacement for those stations determined too costly to renovate is the primary focus of the **Fire Department** capital program.

**Health Department** capital plan includes on-going improvements to the Herman Keifer complex, its satellite facilities and the construction of a new animal control facility.

Building expansion and collection storage needs are priority projects for the **Historical Museum**. A new building addition to showcase 20th century life in Detroit will be a major capital campaign for the museum that will require both public and private support.

Maintaining the structural integrity of the Main Library and maintaining the branch libraries are of concern to the **Detroit Public Library**. Infrastructure improvements to the marble façade at the Main Library, as well as, roofing, mechanical and electrical system repairs/upgrades are needed at both the main library and branches.

**Municipal Parking** continues its program of parking structure improvements to be funded with revenues from the system. They are also planning for construction of a new parking facility.

Projects to bring the **Police Department** into compliance with a federal Consent Decree are the highest priority of the department and the City.

Maintaining its infrastructure is still the primary goal of the **Public Lighting Department**. Substantial funding requirements are still needed for maintaining street lighting infrastructure, new developments, substation improvements and traffic signal utility which are on-going concerns.

**Recreation Department** continues to present a structured program of improvements to its parks and recreation facilities. The Department has a vast array of facilities, recreational lands, parks, playscapes, trees and boulevards that it must maintain. The program continues to look for ways to address community concerns for service improvements.

The **Department of Transportation** continues its program of fleet replacement and facility renovations. Major investments planned include the acquisition of new buses. A Downtown Intermodal Transit Center and the Downtown Mobility Management System is needed to accommodate new development occurring in downtown Detroit. Funding is primarily provided from Federal grants.

The **Detroit Water and Sewerage Department** capital program includes a number of projects to rehabilitate and improve aging water and sewer system facilities. The

## EXECUTIVE SUMMARY

construction of new transmission mains will provide for more reliable and increased water supply.

Improvements of the Sewage Disposal System include replacing, rehabilitating or improving existing facilities at the wastewater treatment plant, pumping stations and major sewers. New construction of retention basins and combined sewer overflow systems and computerization upgrades are also included.

**Detroit Zoological Institute** has completed an impressive list of new facilities and exhibits in the last few years that promotes the Zoo's mission of preservation of wildlife. Next, is the construction of the Belle Isle Nature Zoo, as well as, projects that maintains the infrastructure of the Main Zoo





## SUMMARY DEBT POLICY

The City of Detroit has established the following debt policy guidelines pertaining to the issuance and administration of debt:

*Policy Goals* - To establish practices which will enable the City to borrow funds to maintain and enhance the City's physical infrastructure, while minimizing the cost to taxpayers, ratepayers and users of publicly financed projects.

*Purpose of Debt* - To issue debt only for capital purposes, and not to finance current operations or working capital.

*Compliance with Laws* - To follow all applicable Charter, State and Federal laws and regulations, including those regulations governing the amount and purpose for which debt may be issued and all federal regulations relating to the maintenance of the tax exempt status of bonds.

*Investor/Rating Agency/Credit Provider Relations* - To provide timely, accurate and pertinent information to interested investors, rating agencies, and credit providers. The City will follow the disclosure guidelines approved by the Government Finance Officers Association to the greatest extent possible in disseminating information and will adhere to the City's Continuing Disclosure Undertaking commitments.

*Security/Repayment Characteristics* - Revenue debt which is totally self-supporting, should be issued to the greatest extent possible. Voter approved unlimited tax bonds or bonds, which are expected to be paid from non-general fund sources, are generally the preferred options to finance capital projects which are not or which may not be self-supporting. Limited tax obligations which are payable only from current general fund tax dollars will be considered only if other options are not available.

*Credit Support* - External credit support should be obtained when it is determined that use of such support produces present value savings; however, the importance of maintaining market access for and name recognition of the underlying credit will be considered in evaluating the benefit of credit support.

*Repayment Terms* - To repay bonds in a period not exceeding the average life of the project, generally not exceeding 25 years for general obligation bonds and 30 years for revenue bonds. Except to achieve overall level debt service with existing bonds, the City will avoid issuing debt, which provides for balloon principal payments in the final year(s) of maturity. The City will use level or declining total debt service structures (which may take into account previously issued debt), except when an increasing debt payment structure fits an overall strategy of a project. In addition, during the period of construction, the City may choose to pay interest only or may capitalize interest, if appropriate.

*Debt Levels* - To reduce general debt ratios to levels consistent with the average of cities of similar size and responsibilities. The goal of issuing debt without increasing the property tax burden will be factored into planning the sizing and scheduling of general

## SUMMARY DEBT POLICY

obligation, unlimited tax bond issues.

*Debt Instruments* - To issue debt with fixed rates and terms, except that variable rate debt may be issued if the total amount of true variable rate debt does not exceed 20% of the aggregate amount of debt payable from a particular source. Variable rate debt will be counted as fixed rate debt if it is synthetically converted to a fixed rate obligation through the use of an interest rate exchange or similar agreement, or if the period of interest rate exposure does not exceed 2 years. Debt instruments utilizing imbedded swaps or having other less traditional characteristics may be issued, provided the City is not unduly exposed to third party risk and that utilization of such an instrument does not precipitate an adverse rating agency reaction.

*Short Term Debt/Leasing* - To minimize the need for short-term debt by incorporating a goal of avoiding such debt in financial and cash flow planning. Leasing or lease purchase financing may be considered on a case-by-case basis for equipment and special projects, taking into account the expected life of the equipment and/or the nature of the project.

*Investment of Bond Proceeds and Debt Service Funds*- To invest funds in accordance with State law, bond indenture provisions and the City's written investment policy. All funds are invested with risk avoidance being of the highest priority, but taking into account cash needs and the potential for maximizing yields. Generally, the City's investment policy restricts the maximum term of investments in bond proceeds accounts to 3 years, in debt service accounts to the date such funds are required and in debt service reserve accounts to 5 years.

*Review of Policy* - To review the debt policy at least once every 2 years, and to include the formal debt policy as a part of or an annex to the City's Five -year Capital Agenda.

## BOND RATINGS

The following table describes City's bond ratings including the rating agencies, ranking or grades and projected future outlook for all general obligation and revenue bonds.

STANDARD AND POOR'S			MOODY'S			FITCH/ICBA		
Rating	Outlook		Rating	Outlook		Rating	Outlook	
DETROIT UNLIMITED TAX GENERAL OBLIGATION BONDS								
A-	Stable		Baa1	Stable		A	Negative	
DETROIT LIMITED TAX GENERAL OBLIGATION BONDS								
A-	Stable		Baa2	Stable		A	Negative	
GREATER DETROIT RESOURCE RECOVERY AUTHORITY REVENUE BONDS								
A	Negative		(sub) NR			A+		
ECONOMIC DEV. CORP - RESOURCE RECOVERY REVENUE BONDS								
A+	Stable		Aa3	Stable		A+		
DETROIT SEWAGE SYSTEM REVENUE BONDS								
Senior Lien	A	Stable	Senior Lien	A1		Senior Lien	A+	
Second Lien	A-	Stable	Second Lien	A2		Second Lien	A	
DETROIT WATER SUPPLY SYSTEM REVENUE BONDS								
Senior Lien	A	Stable	Senior Lien	A1	Stable	Senior Lien	A+	Negative
Junior Lien	A-	Stable	Junior Lien	A1	Stable	Junior Lien	A	Negative
DETROIT DOWNTOWN DEVELOPMENT AUTHORITY GENERAL OBLIGATION BONDS								
BBB			Aaa			AAA		
DETROIT DOWNTOWN DEVELOPMENT AUTHORITY TAX INCREMENT BONDS								
Insured	A-		Insured	Aaa		Insured	AAA	
DETROIT BUILDING AUTHORITY REVENUE AND REVENUE REFUNDING BONDS (PARKING AND ARENA SYSTEM)								
Insured	AAA		Insured	Aaa		Uninsured	BBB	
DETROIT BUILDING AUTHORITY REVENUE BONDS (DISTRICT COURT MADISON CENTER)								
A			NR			NR		

## BOND RATINGS

STANDARD AND POOR'S		MOODY'S		FITCH/ICBA	
Rating	Outlook	Rating	Outlook	Rating	Outlook
COBO HALL EXPANSION-CONVENTION FACILITY LIMITED TAX REVENUE BONDS					
A		NR		NR	
DETROIT LOCAL DEVELOPMENT FINANCE AUTHORITY					
Ba1		A1		NR	

<u><b>RATING</b></u>	<u><b>Characteristic</b></u>	<u><b>Description</b></u>
<i>Aaa</i>	<i>Prime Quality</i>	<i>An Extremely Strong Capacity to pay principal and interest on the debt.</i>
<i>AAA</i>		
<i>Aa</i>	<i>Excellent Quality</i>	<i>A Very Strong Capacity to pay principal and interest on the debt.</i>
<i>AA</i>		
<i>A</i>	<i>Upper Medium Quality</i>	<i>A Strong Capacity to pay principal and interest on the debt, but the debt is more susceptible to adverse effects of changes in circumstances and economic changes.</i>
<i>Hyphenated ratings like A-1, A-1 and B-1 (used by Moody's)</i>	<i>Better Quality</i>	<i>Within their respective categories</i>
<i>Baa, Baa-1, BBB</i>	<i>Lower Medium Quality</i>	
<i>Ba, BB</i>	<i>Marginally Speculative Quality</i>	
<i>B, Caa</i>	<i>Very Speculative Quality</i>	
<i>Ca, C, D</i>	<i>Default Quality</i>	
<i>NA</i>	<i>Not Applicable</i>	
<i>NR</i>	<i>Not Rated</i>	

Note: \* Payment guaranteed by municipal bond insurance policy or letter of credit.  
Source: Finance Department- Debt Management